NORTHERN REVENUE SHARING TRUST ACCOUNT

SUPPLEMENTARY INFORMATION

FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

106-01152/

NORTHERN REVENUE SHARING TRUST ACCOUNT

SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2004

NORTHERN MUNICIPAL SERVICES

Northern Municipal Services (branch) is a branch of the Municipal Relations Division of the Department of Government Relations (GR). One of the goals of the department is:

- Respectful, effective municipal-provincial relationships that strengthen the quality of local governance for the benefit of Saskatchewan residents.

The department has established as an objective to achieve this as:

- Objective 1: Department services and provincial funding that strategically assist municipal governments in governing and meeting the needs of their residents.

The branch works towards this objective by fostering growth and development of northern communities and assisting them to work toward autonomous and accountable municipal operations.

The branch activities towards this include:

- providing advice, guidance and training to northern officials and the public on northern municipal matters, including administrative procedures, municipal accounting, bylaw enactment and enforcement, property taxation, and assessments;
- monitoring that northern municipal governments operate in compliance with provincial statutes and regulations;
- monitoring and assisting communities requiring financial management direction;
- acting, through the Minister, as the council for 11 northern communities designated as northern settlements, 14 recreational subdivisions, and the Northern Saskatchewan Administration District;
- providing municipal advisory services to 24 autonomous northern municipal governments;
- administering the Northern Revenue Sharing Trust Account (NRSTA) and the department's northern revenue sharing, capital and water and sewer grants programs;
- administering the Northern Residential Subdivision Development program.
- providing municipal administration and accounting services for northern settlements and recreational subdivisions.

Financial Assistance
Northern Revenue Sharing Trust Account

Revenues collected on behalf of the northern hamlets and school divisions are transferred to those organizations.

Revenues during 2004 were used, in part, to fund the Northern Capital Grants, the Northern Water and Sewer Grant programs, to supplement funding under the Northern Revenue Sharing Grants Program and to fund the Northern Residential Subdivision Development program.

Northern Revenue Sharing Trust Account
Summary of Taxes Levied and Collected

Taxes levied		2004		2003
NRSTA Municipal	$	1,220,780	$	1,207,748
Penalties		42,805		38,429
Hamlet Municipal		55,762		52,748
Penalties		8,854		8,228
School		3,979,310		3,897,578
Penalties		172,905		177,754
Total	$	5,480,416	$	5,382,485
Taxes collected				
NRSTA Municipal	$	1,206,960	$	1,250,861
Hamlet Municipal		49,873		53,400
School		4,019,151		4,092,822
Total	$	5,275,984	$	5,397,083
Tax collections (as % of taxes levied)		96.3 %		100.3%

The NRSTA administers assessment and taxation for the 9 Northern Hamlets and the 3 Northern School Divisions.

Northern Revenue Sharing Trust Account
Statement of Administrative Expenses for the Year Ended December 31, 2004

Management Board fees and expenses	$ 59,789
Printing and office supplies	5,644
Computer maintenance and repairs	2,410
Advertising	514
Insurance	4,918
Other fees and services	19,706
SAMA requisition fees	29,037
ATAP water works contract	287,901
SE administration charge	430,000
GR administration charge	200,000
Amortization on capital assets	15,134
Loss on disposal of assets	---
Transfer to allowances	219,655
Total	$ 1,274,708

Northern Revenue Sharing Grants Program

Supporting northern municipalities by providing operational unconditional funding assistance. The table indicates the grant payments that were made during the calendar year which differs from the financial statements in which the government transfers from the GRF are based on the government's fiscal year.

Grant payments	2004	2003
Towns	$ 735,364	$ 701,586
Northern villages	4,787,184	4,567,289
Northern hamlets	1,165,966	1,102,959
	6,688,514	6,371,834
Northern settlements	911,256	854,133
Flin Flon boundary agreement	35,046	35,057
Total	$7,634,816	$7,261,024

Northern Capital Grants Program

Supporting northern municipalities by providing capital funding assistance for constructing or upgrading municipal facilities, and to acquire furniture, fixtures, and equipment.

Number of projects funded	2004	2003
Towns	6	3
Northern villages	35	19
Northern hamlets	13	11
Northern settlements	6	7
Total	57	40

Grant payments		
Towns	$ 339,490	$ 122,170
Northern villages	1,031,078	561,981
Northern hamlets	72,328	55,675
	1,442,896	739,826
Northern settlements	73,253	71,360
Total	$1,516,149	$ 811,186

Northern New Facilities Grants Program

Supporting northern municipalities by providing additional funding to communities lacking conventional water and sewer systems. Approved projects receive 100% funding for the design and construction of new water and sewer facilities and/or for the replacement of existing water and sewer mains.

Number of projects funded	2004	2003
Northern villages	---	---
Northern hamlets	1	1
Northern settlements	5	4
Total	6	5

Program Expenditures		
Northern villages	$ ---	$ ---
Northern hamlets	130,195	256,736
		256,736
Northern settlements	231,197	511,888
Total	$ 361,392	$ 768,624

Northern Water and Sewer Upgrading Grants Program

Supporting northern municipalities by providing funding to upgrade existing water and sewer systems.

Prior to November 29, 2000, northern municipalities were eligible to receive funding up to 79% of total project cost for expansion or upgrading of existing water and sewer facilities.

Effective November 29, 2000, *The Northern Revenue Sharing Grants Regulations* were amended to provide northern municipalities with funding assistance in an amount equal to the greater of:

(a) the northern municipality's cost for any water and sewer expansion or upgrading projects less an amount equal to two mills on the most recent confirmed taxable assessment of the northern municipality; or,

(b) 85% of the total cost of the project itself.

Number of projects Funded	2004	2003
Towns	7	5
Northern villages	14	12
Northern hamlets	18	7
Northern settlements	2	1
Total	41	25

Program Expenditures		
Towns	$1,886,775	$3,237,215
Northern villages	3,634,832	1,021,406
Northern hamlets	471,345	123,348
General expenditures	131,989	79,745
	6,124,941	4,461,714
Northern settlements	21,972	29,600
Total	$6,146,913	$4,491,314

Emergency Water and Sewer Program

Supporting northern municipalities in need of emergency funding to ensure safe water and sewer systems.

Projects are approved by the Minister of Government Relations on:

- the recommendation of the Northern Revenue Sharing Trust Account Management Board; and,
- confirmation from Saskatchewan Water Corporation that the situation is critical and meets the criteria of the program

The maximum assistance available under this program in a fiscal year is an amount equal to the greater of:

(a) the northern municipality's cost of all water and sewer projects undertaken in that fiscal year less an amount equal to two mills on the most recently confirmed taxable assessment on the northern municipality or;

(b) 85% of the northern municipality's cost of the emergency repair project.

Number of projects Funded	2004	2003
Towns	---	---
Northern villages	3	10
Northern hamlets	4	6
Total	7	16

Program Expenditures		
Northern villages	$ 45,720	$ 348,026
Northern hamlets	42,908	28,755
	88,628	376,781
Northern settlements	---	---
Total	$ 88,628	$ 376,781

Subdivision Development Program

Supporting northern municipalities by providing capital funding for the development of new residential subdivisions. The program covers subdivision design, survey and installation of services. The program is capped at $2 million. Lots are sold by the NRSTA to at least recover the cost of the development.

Number of projects Funded	2004	2003
Towns	---	---
Northern villages	3	3
Northern hamlets	---	---
Northern settlements	---	---
Total	3	3

Program Expenditures

Towns	$ ---	$ ---
Northern villages	166,224	709,116
Northern hamlets	---	---
	166,224	709,116
Northern settlements	---	---
Total	$166,224	$ 709,106

Tax Title Properties

The NRSTA owns the following properties due to tax enforcement proceedings. The tax title properties are carried at the lower of the amount of taxes owing and net realizable value which has been deemed to be $00.00.

Location	No. of lots	Tax School	Tax Municipal
Bear Creek	1	$ 2,233	$ 669
Camsell Portage	5	5,952	2,205
Stanley Mission	8	18,316	6,436
Southend	1	3,252	933
Uranium City	599	547,593	337,923
Wollaston Lake	10	40,516	16,297
Michel Village	1	3,223	933
Patuanak	2	5,939	1,971
St. George's Hill	2	4,896	1,423
Stony Rapids	3	2,372	808
Timber Bay	1	681	250
Turnor Lake	7	4,954	2,154
Weyakwin	6	45,518	18,558
Deschambault	5	23,504	8,874
Kinoosao	1	1,642	478
Sturgeon Landing	1	1,388	384
Waden Bay	1	5,596	1,132
Total	654	$ 717,575	$ 401,428
Carrying value on books		----	----

NORTHERN REVENUE SHARING TRUST ACCOUNT
Payments To Vendors

Vendor	Payments Amounts >$2,000 & <$10,000
4H Trucking	3,702
Aalen, Ken	3,462
Abramyk Construction	4,975
Acklands-Grainger Inc.	5,804
Amachewespimawin Co-op	5,890
Bee J's Stationers Inc.	3,945
Buchanan, Brian	3,168
Can Am Outfitters	2,922
Catterall & Wright	8,689
Clarkes Supply & Service	7,524
Cleartech Industries Inc.	5,871
Cochrane Engineering Ltd	8,766
Corus Entertainment Inc	4,981
Earthvision Systems Ltd	6,446
Gateway Tire Sales	2,116
German, Adam	6,000
Gaurdian Traffic Services	6,057
Hatchet Lake First Nation	8,592
Infosat Canada	7,615
Kelsey Trail Health Region	4,433
La Loche Fuel Bar	9,391
La Ronge Computer Shop	2,769
La Ronge Co-op	4,605
Lazar Equipment Ltd.	8,118
Len's Trucking	3,644
Marsollier Petroleum	2,674
Meadow Lake Co-operative	7,438
Meadow Lake Home	2,685
Myers, Curt	7,420
Norcanair Airlines Ltd	3,702
Mid City Electric (1979) Ltd	8,853
Peter Ballantyne Cree Nation	6,300
Millsap Fuel Distributors	4,352
M Tatlow & Sons Ltd	2,675
Northwest Tractor	2,109
Parks General Store	3,530
PA Co-op	4,112
Petit, Frank	9,556
P.R. Service	7,001
Ritchie Construction Ltd.	8,579
River Ridge Spring Water	3,025
Roberts, Charlie	3,363
Stony Rapids Snowmobile Club	2,140
The Star Phoenix	2,290
The General's Coffee Service	2,645
Thorpe Brothers LTD	6,191
Toulejour, Archie	3,266
Transwest Air	7,982
Triangle Trenching	3,801
Urdel Ltd	2,914
Waden Bay Cabin Owners Assoc	3,875
Wildfire	4,363
Xerox Canada Ltd	3,010
Zelensky Brothers	2,022
Total payments >$2,000<$10,000	**$271,358**

Vendor	Payments Amounts > $10,000
Northern Village of Air Ronge	32,146
Associated Engineering	112,088
ATAP Infrastructure	316,263
Birch River Dene Nation	90,830
Northern Village of Beauval	20,061
Bomac Management	1,674,414
Bulle Consulting Ltd	248,642
Canadian Satellite	13,555
Cogema Resources Inc.	15,302
Northern Village of Denare Beach	11,069
Econo Lumber	22,118
Elk Point Drilling Corp	41,947
Haid Construction Ltd.	920,145
Hard Rock Construction	17,052
Interwest Mechanical	33,460
International Water Supply	55,093
J & R Atkinson Excavating	11,130
Klock Holdings Inc	20,250
Lac La Ronge Indian Band	29,105
MDH Engineering	11,963
Northern Hamlet of Missinipe	12,214
Methy Construction	79,923
Mokstikwan & Sons Electric	14,497
Mones & Associates	48,225
Munisoft	37,819
Town of LaRonge	1,392,770
Mercer Outfiltting	11,986
Norcan Airlines Inc	10,087
Northern Dene Airlines	347,396
Norseman Construction Ltd	32,528
Petit's Lumber and Home	14,582
Provincial Metis Housing	19,611
Ron's Plumbing & Heating	206,637
Rusway Construction Ltd	28,292
SAL Engineering	23,019
Saskatoon Boiler MFG Co.	19,030
Snake Lake Construction	131,089
Stauber Drilling Inc	34,777
Superior Propane	27,873
Telus Mobility	11,103
Torson Contracting Ltd.	84,836
Tri City Surveys	35,343
True Value	14,663
Tupper's Construction Ltd	306,275
UMA Engineering	142,215
Unicon Pipeline Ltd	184,227
Uranium City Bulk Fuel Ltd	123,623
Uranium City Contracting	50,126
Wolfe Management Ltd	568,782
Total payments >$10,000	**$7,710,181**

Payments <$2,000	128,142
Payments >$2,000 <$10,000	271,358
Payments > $10,000	7,710,181
Total Scheduled Payments	**$8,109,681**

NORTHERN REVENUE SHARING TRUST ACCOUNT

Payments To Management Board, Advisory Council and Employees

Recipient	Salaries	Travel	Honorarium	Total
Burlaka, Steve	11,262	1,834		13,096
Cecile, Caisse		1,366	1,705	3,071
Chaboyer, Brain		2,161	2,088	4,249
Cone, Kevin	8,068			8,068
Cook, Sharon	7,176		150	7,326
Denago, Napolean	16,848		2,841	19,689
Daniels, Terri			2,075	2,075
Gailey, Doug		2,208	1,782	3,990
German, Adam	20,444	172		20,616
Hardlotte, Charles	3,760			3,760
Herman, Earl	4,498			4,498
Herman, George	4,458		300	4,758
Herman, Lloyd	15,441	1,616		17,057
Herman, Randy			2,990	2,990
Laprise, Casey	5,638		1,630	7,268
Laprise, Dora	5,186		5,075	10,261
Laprise, Jordan	5,638		1,921	7,559
Lemaigre, Damian		4,150		4,150
Lenko, Caroyln	4,499	259		4,758
McKenzie, Ann Rose	6,490			6,490
McKenzie, Ryan	2,623			2,623
Mcleod, Albert	3,956			3,956
McLeod, Irvine	12,788			12,788
Mcleod, Stewart	2,093			2,093
Merasty, Roderick	19,267	66		19,333
Merasty, Lucy	2,006			2,006
Merasty, Adam	3,700			3,700
Montgrand, Phillip	17,700		330	18,030
Petit, Frank		3,889	270	4,159
Park, Fabian	6,086			6,086
Ratzlaff, Bertha	7,294	1,847		9,141
Piche, Danny	5,638			5,638
Roberts, Charlie	20,942			20,942
Stomp, Gordon		645	3,357	4,002
Sylvestre, Antoine	3,590			3,590
Sylvestre, John			5,369	5,369
Thomas, Adolph	2,813			2,813
Toulejour, Archie	10,370			10,370
Toulejour, James	4,553			4,553
Toulejour, Jimmy	6,000			6,000
Toulejour, Percy	6,000			6,000
Wheeler, Beverly		1,131	1,317	2,448
Woods, Robert		1,811	1,627	3,438
Receiver General	90,339			90,339
Total > $2,000	**347,163**	**23,155**	**34,827**	**405,145**
Total < $2,000	**59,527**	**1,886**	**10,063**	**71,476**
Total	**$406,690**	**$25,041**	**$44,890**	**$476,621**

Northern Revenue Sharing Trust Account

Payments Made To Related Parties During 2004

Name	Amount
Saskatchewan Water Corporation	468,104
Minister of Finance - Sask Environment	430,000
Minister of Finance - Government Relations	200,000
Sask Government Insurance	199,202
Sask Power Corporation	186,023
SAMA	36,597
Sask Tel C.M.R.	30,444
Sask Worker's Compensation Board	17,906
Minister of Finance	17,778
Saskatchewan Property Management Corporation	7,254
Information Services Corpoaration	2,890
Sask Highways	1,159
Queen's Printer	20
Total Payments to Related Parties	**$1,597,377**

NORTHERN REVENUE SHARING TRUST ACCOUNT

Payments Of Grants

Transfer Payments During 2004

Recipient	Revenue Sharing	Capital Grant	Other	Total Grants
Flin Flon	35,046			35,046
New North			165,000	165,000
Towns				
Creighton	306,204	206,813		513,017
La Ronge	429,160	132,677		561,837
Villages				
Air Ronge	218,303	67,009		285,313
Beauval	320,660	79,543		400,203
Buffalo Narrows	476,708	149,843		626,550
Cole Bay	140,037			140,037
Cumberland House	436,357			436,357
Denare Beach	307,029	147,300		454,330
Green Lake	290,665			290,665
Ile a la Crosse	493,658	130,800		624,458
Jans Bay	141,181	70,000		211,181
La Loche	832,620	145,386		978,006
Pelican Narrows	349,103	43,706		392,809
Pinehouse Lake	352,049	106,304		458,353
Sandy Bay	428,814	91,186		520,000
Hamlets				
Dore Lake	101,864	21,028		122,892
Michel Village	116,444	7,820		124,264
Missinipe	101,466	5,714		107,180
Patuanak	134,056			134,056
St George's Hill	118,555	16,544		135,099
Stony Rapids	162,717			162,717
Timber Bay	133,195			133,195
Turnor Lake	150,510			150,510
Weyakwin Lake	147,159	21,222		168,382
Settlements				
Bear Creek	70,393			70,393
Black Point	60,872	27,000		87,872
Brabant Lake	96,202			96,202
Camsell Portage	62,356			62,356
Descharme Lake	60,737			60,737
Garson Lake	60,683			60,683
Sled Lake	61,955	13,642		75,597
Southend	60,259			60,259
Stanley Mission	127,129			127,129
Uranium City	130,628	5,252		135,880
Wollaston Lake	120,042	27,360		147,402
Total Grants Paid	**$7,634,816**	**$1,516,149**	**$165,000**	**$9,315,967**

NORTHERN REVENUE SHARING TRUST ACCOUNT

FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

Provincial Auditor Saskatchewan

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SASKATCHEWAN

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Northern Revenue Sharing Trust Account as at December 31, 2004 and the statements of operations, change in net financial assets, and cash flows for the year then ended. The Northern Revenue Sharing Trust Account's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Revenue Sharing Trust Account as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
February 25, 2005, except as to
Note 6 which is as of September 13, 2005

NORTHERN REVENUE SHARING TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
As at December 31

	2004	2003
Financial assets		
Cash	$ 1,525,035	$ 5,054,356
Temporary investments	17,950,000	19,000,000
Accounts receivable (Note 4)	4,686,789	2,523,540
Inventory for resale	177,669	299,675
	24,339,493	26,877,571
Liabilities		
Unearned revenue (Note 8)	1,575,794	1,563,261
Grants payable	2,940,727	2,755,535
Accounts payable (Note 5)	228,178	769,940
Accrued landfill decommissioning (Note 6)	354,249	---
Revenues collected for others (Note 7)	242,969	254,879
	5,341,917	5,343,615
Net financial assets	$ 18,997,576	$ 21,533,956
Non-financial assets		
Tangible capital assets (Note 9)	$ 5,630,480	$ 5,849,151
Prepaid expenses	112,138	107,500
	5,742,618	5,956,651
Accumulated surplus (Note 11)	$ 24,740,194	$ 27,490,607

Commitments (Note 14)

(see accompanying notes to the financial statements)

NORTHERN REVENUE SHARING TRUST ACCOUNT
STATEMENT OF OPERATIONS
For the year ended December 31

	2004		2003
	Budget (Note 10)	Actual	Actual
Revenues (Note 11)			
Transfers	$ 10,132,520	$ 8,628,216	$ 10,337,836
Lease fees	3,914,885	3,704,866	3,891,056
Taxation	1,178,810	1,157,377	1,137,729
Interest	511,005	662,895	674,657
Utility and fuel sales	608,050	559,509	549,436
Land sales	150,000	1,082,515	166,539
Other	16,430	25,200	85,641
	16,511,700	15,820,578	16,842,894
Expenses (Notes 11 & 16)			
Transfers			
Northern revenue sharing	6,752,940	6,586,148	6,606,141
Water and sewer	10,738,280	6,343,764	5,095,234
Northern capital	986,440	1,442,896	739,826
New North	220,000	220,000	237,571
Northern residential subdivision (Note 12)	800,000	166,224	709,116
Fuel operating costs	593,090	550,288	568,537
Landfill decommissioning (Note 6)	---	354,249	---
Municipal services			
General government	1,539,745	1,258,092	1,640,428
Utilities operating cost	631,560	578,838	522,239
Recreation and cultural	342,870	305,568	291,722
Environmental	334,230	257,694	282,310
Transportation services	354,195	235,532	213,851
Protective services	47,225	23,698	42,700
Public health and welfare	2,000	---	957
Planning and development	5,000	---	23,602
Bad debt provision	150,000	248,000	56,777
	23,497,575	18,570,991	17,031,011
(Deficit) for the year	$ (6,985,875)	(2,750,413)	(188,117)
Accumulated surplus, beginning of year		27,490,607	27,678,724
Accumulated surplus, end of year		$ 24,740,194	$ 27,490,607

(see accompanying notes to the financial statements)

NORTHERN REVENUE SHARING TRUST ACCOUNT
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31

	2004		2003
	Budget (Note 10)	Actual	Actual
(Deficit) for the year	$ (6,985,875)	$ (2,750,413)	$ (188,117)
Acquisition of tangible capital assets	---	(317,589)	(644,377)
Amortization of tangible capital assets	---	528,784	645,168
Write-down of tangible capital assets	---	7,476	307,475
Proceeds on sale of tangible capital assets	---	---	123,356
Gain on sale of tangible capital assets	---	---	(22,244)
Write-down of land held for resale and tax title properties	---	---	28,158
Proceeds on sale of land held for resale and tax title properties	---	---	5,100
(Increase) use of prepaid expenses	---	(4,638)	99
Net (decrease) increase in net financial assets	$ (6,985,875)	(2,536,380)	254,618
Net financial assets, beginning of year		21,533,956	21,279,338
Net financial assets, end of year		$ 18,997,576	$ 21,533,956

(see accompanying notes to the financial statements)

NORTHERN REVENUE SHARING TRUST ACCOUNT
STATEMENT OF CASH FLOWS
For the year ended December 31

	2004	2003
Cash flows provided by (used in) operating activities		
Cash receipts from the General Revenue Fund	$ 8,900,591	$ 10,748,777
Cash receipts from leases and land sales	2,601,376	4,145,628
Cash receipts from taxes	1,140,197	1,141,479
Cash receipts from interest	545,276	616,167
Cash receipts from utility and fuel sales	406,968	517,147
Cash receipts from other sources	94,970	180,521
Cash paid as transfers	(14,427,132)	(11,624,663)
Cash paid for northern subdivision development	(166,224)	(709,116)
Cash paid for fuel operating costs	(338,505)	(446,955)
Cash paid for municipal services	(3,019,249)	(1,992,128)
Cash flows (used in) provided by operating activities	(4,261,732)	2,576,857
Cash flows provided by (used in) capital transactions		
Purchase of tangible capital assets	(317,589)	(644,377)
Proceeds from disposal of tangible capital assets and tax title properties	---	128,456
Cash flows (used in) capital transactions	(317,589)	(515,921)
Cash flows provided by (used in) investing activities		
Disposal of temporary investments	47,000,000	63,500,000
Purchase of temporary investments	(45,950,000)	(61,500,000)
Cash flows provided by investing activities	1,050,000	2,000,000
Net (decrease) increase in cash	(3,529,321)	4,060,936
Cash, beginning of year	5,054,356	993,420
Cash, end of year	$ 1,525,035	$ 5,054,356

(see accompanying notes to the financial statements)

NORTHERN REVENUE SHARING TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

1. Authority and organization description

The Northern Revenue Sharing Trust Account (NRSTA) was established by Section 287 of *The Northern Municipalities Act* (Act). The NRSTA is administered by the Northern Municipal Services Branch of the Department of Government Relations (GR). The NRSTA administers all revenues relating to the Northern Saskatchewan Administration District (NSAD) and all moneys appropriated by the Legislature for the purposes of northern revenue sharing and other grant programs.

The Northern Revenue Sharing Grants Program provides operational funding to northern municipalities. The grants are authorized under *The Northern Municipalities Revenue Sharing Program Regulations, 2004*.

The Northern Water and Sewer Program was established to provide funding to northern municipalities to develop and install or upgrade water and sewer systems to ensure residents have access to a safe potable water supply.

The Northern Capital Grant Program provides funding to northern municipalities with limited sources of revenue to assist in the construction and upgrade of municipal facilities.

The Northern Residential Subdivision Program provides for the development of residential lots. Many of the municipalities in the NSAD do not have sufficient tax bases or other sources of revenue necessary to develop a subdivision. Ownership of the developed lots is, by agreement with the municipalities, transferred to the NRSTA.

The Saskatchewan Association of Northern Communities (New North) serves as a liaison between the northern municipalities and GR, and is an advocate voice for northern municipalities. The transfer to New North, on behalf of the Northern municipalities and settlements is to assist them in promoting membership in their association.

Pursuant to the Act, the NRSTA collects taxes for northern hamlets and northern school divisions. Taxes levied on behalf of northern hamlets and northern school divisions are not considered revenue of the NRSTA and are not reflected in the Statement of Operations. These taxes are remitted to the respective entities when received.

2. Significant accounting policies

These financial statements are prepared using accounting principles appropriate for the public sector and reflect the following significant accounting policies:

a) Tangible capital assets

Tangible capital assets are recorded at cost in the year acquired less accumulated amortization. The NRSTA's tangible capital asset policy requires items with a cost of $100 or more and an estimated useful life of greater than a year to be capitalized. All costs directly attributable to the acquisition, construction, development or betterment are included. Assets are amortized commencing in the year the asset is acquired using the straight-line method over their estimated useful lives as follows:

Buildings	25 years
Machinery and equipment	10 years
Office furniture and equipment	3 – 5 years
Water and sewer infrastructure	25 years
Other	10 years

Tangible capital assets are written down when the asset no longer contributes to the NRSTA's ability to provide goods and services, or when the value of future economic benefits of the tangible capital assets are less than their net book value.

The historical costs of developing roads and similar infrastructure have not been valued nor included as part of the tangible capital assets.

b) Inventory for resale

Inventory is fuel held for resale and is valued at the lower of cost, determined on a first in first out basis, and net realizable value.

c) Revenue

Revenues are recorded on the accrual basis. Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met.

d) Expenses

Transfers include grants and project cost-sharing arrangements and are recognized as expenses in the period during which the transfer is authorized and any eligibility criteria are met.

e) Northern Residential Subdivision Program – land development costs

The NRSTA incurs land development costs for the Northern Residential Subdivision Program. Under the program, the NRSTA develops lots for sale to private individuals or organizations. These costs include subdivision design and installation of power and water and sewer services. The NRSTA determines the recoverability of these costs based on firm commitments from prospective buyers. The NRSTA expenses these costs in the year the costs are incurred if it has no firm commitment from prospective buyers. However, when the NRSTA has a firm commitment from a prospective buyer it records the related costs as assets on the Statement of Financial Position. The NRSTA recognizes the sale of developed lots in the year the lots are sold.

f) Temporary investments

Temporary investments are short-term deposits that mature within one year and are recorded at cost, which approximates their market value.

g) Landfill decommissioning and post decommissioning care

During the year the NRSTA began to determine the costs for decommissioning landfills and post decommissioning care. *The Saskatchewan Environmental Management and Protection Act* sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Environmental laws require decommissioning care of solid waste landfill sites. The costs to decommission landfill sites and the post decommissioning care are recognized over their estimated remaining lives based on usage.

3. Financial instruments

The NRSTA's financial instruments include temporary investments, accounts receivable, grants payable, accounts payable and revenues collected for others. The fair value of these instruments approximates carrying value due to their immediate or short-term nature. The temporary investments are term deposits with a weighted average term to maturity of 37 days (2003 – 60 days) and bear interest ranging from 2.0% – 2.61% per annum (2003 – 1.35% – 2.80%).

4. Accounts receivable

	2004	2003
Due from GR - General Revenue Fund	$ 1,451,634	$ 1,729,971
Lease fees receivable	2,493,989	307,421
Accrued interest	245,356	127,737
Fuel sales receivable	157,087	105,792
Receivable from federal government (goods and services tax)	139,303	106,611
Taxes	43,944	26,764
Other	155,476	119,244
	$ 4,686,789	$ 2,523,540

The NRSTA's accounts receivable above are net of a provision of $434,655 for taxes, $965,600 for leases, and $2,150 for other receivables that are considered doubtful, for a total provision of $1,402,405 (2003 – $1,163,256).

5. Accounts payable

	2004	2003
Department of Environment lease fees	$ ---	$ 561,778
GR administration fee	150,000	150,000
Other	78,178	58,162
	$ 228,178	$ 769,940

6. Accrued Decommissioning Landfill Costs

In accordance with its accounting policy, the NRSTA has accrued an estimated amount of $354,249 for decommissioning and post decommissioning care for all fifteen landfill sites in the NSAD. The estimated accrual is based on the total estimated landfill capacity and the accumulated capacity used at December 31, 2004. Management estimates that the total cost to decommission landfill sites in NSAD will amount to $614,200 based on future cash flow discounted at three per cent.

The Saskatchewan Environment Management Protection Act sets out the decommissioning and the post decommissioning requirements including covering and landscaping of landfill, ongoing environmental monitoring, and maintenance. Future events may result in significant change to the total estimated costs required to comply with the environmental laws. The NRSTA plans to account for such increases in the year when such events become known.

The estimated remaining capacity of the fifteen landfills in the NSAD ranges from 0 to 50 years. On average these landfills have 1.5 hectares available for landfill use over the next 50 years.

The accrued landfill decommissioning includes an estimate of $150,000 for decommissioning a landfill site in the Settlement of Uranium City. The NRSTA is currently arranging an expert study to determine if the site is contaminated. Depending on the result of this study this estimate may change significantly.

7. Revenues collected for others

	2004	2003
School taxes due to school division	$ 239,441	$ 248,337
Municipal taxes collected due to hamlets	3,528	6,542
	$ 242,969	$ 254,879

8. Unearned revenue

Unearned revenue of $1,575,794 (2003 – $1,563,261) represents Crown land leases collected by the Department of Environment from third parties and paid to the NRSTA relating to future periods.

9. Tangible capital assets

Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold. Capital work in progress relates to water and sewer design expenses that were capitalized. These design costs are capitalized under work in progress until they are fully operational.

Tangible capital assets of $58,827 were written off during the year. The tangible capital assets written off had a net book value of $7,577 and were written off since these assets would no longer be providing future service.

	(thousands of dollars) 2004							2003
	Buildings	Machinery & Equipment	Office Furniture & Equipment	Other	Water & Sewer	Capital Works in Progress	Total	Total
Opening cost	3,780	2,163	145	255	6,508	31	12,882	14,256
Additions	105	16	33	42	120	2	318	644
Completion of capital works in progress	—	—	—	2	25	(27)	—	(247)
Disposals and write-downs	(18)	(6)	(2)	(33)	—	—	(59)	(1,771)
Closing cost of tangible capital assets	3,867	2,173	176	266	6,653	6	13,141	12,882
Opening accumulated amortization	2,871	1,409	117	190	2,446	—	7,033	7,998
Annual amortization	130	171	17	18	193	—	529	645
Disposals and write-downs	(10)	(6)	(2)	(33)	—	—	(51)	(1,610)
Closing accumulated amortization	2,991	1,574	132	175	2,639	—	7,511	7,033
Net book value of tangible capital assets	876	599	44	91	4,014	6	5,630	5,849

10. Budget

The budget for 2004 was approved by the Associate Deputy Minister of the Municipal Relations Division of Government Relations.

11. Designated assets

Included in the NSAD are northern settlements and recreational subdivisions. Under the Act, revenues collected with respect to northern settlements and recreational subdivisions must be used for the benefit of the respective communities and are not available for general purposes. The Act specifies that revenues derived from the sale of Crown land within the boundaries of a northern settlement are to be expended on capital works in that northern settlement. The Act also specifies that the revenue derived from the sale of capital assets must be spent on capital works.

Following is additional information on revenues, expenses and accumulated surplus of northern settlements and recreational subdivisions.

	2004			2003
	Northern Settlements	Recreational Subdivisions	Total	Total
Revenues				
Transfers				
Water and sewer	$ 253,169	$ ---	$ 253,169	$ 541,488
Northern revenue sharing	911,256	---	911,256	950,133
Northern capital	73,253	---	73,253	71,360
Other	95,694	386	96,080	117,530
Utility and fuel sales	559,509	---	559,509	549,436
Interest	91,869	12,764	104,633	100,729
Taxation	33,156	79,147	112,303	102,367
Lease fees and land sales	17,760	300	18,060	17,737
Other	21,877	2,112	23,989	85,577
	2,057,543	94,709	2,152,252	2,536,357
Expenses				
Fuel costs	550,288	---	550,288	568,537
Landfill decommissioning	181,393	2,641	184,034	---
Bad debt provision	25,183	3,162	28,345	32,435
Municipal services				
General government	197,761	8,942	206,703	589,217
Utilities operating costs	575,844	2,994	578,838	522,239
Recreation and cultural	291,750	13,818	305,568	291,722
Environmental	234,337	19,691	254,028	282,310
Transportation	200,189	35,343	235,532	213,851
Protective services	18,127	5,571	23,698	42,700
Public health and welfare	---	---	---	957
Planning and development	---	---	---	23,602
	2,274,872	92,162	2,367,034	2,567,570
(Deficit) surplus for the year	(217,329)	2,547	(214,782)	(31,213)
Accumulated surplus, beginning of year	9,225,345	474,388	9,699,733	9,730,946
Accumulated surplus, end of year	$ 9,008,016	$ 476,935	$ 9,484,951	$ 9,699,733
Net financial assets, end of year	$ 3,528,190	$ 371,543	$ 3,899,733	$ 3,782,705

The accumulated surplus at the end of the year includes the net financial assets and the net book value of the tangible capital assets of the northern settlements and recreational subdivisions.

12. Northern residential subdivision program

Northern residential subdivision costs are accounted for in accordance with the policy in Note 2 (e). The development costs include subdivision design and installation of power and water and sewer services. During the year, the NRSTA expensed $166,224 (2003 – $709,116) as Northern Residential Subdivision Program expenses. During the year, five Pinehouse lots were sold for a total of $55,785. This revenue was recorded in land sale revenue.

Northern residential subdivision program con't

	Cumberland House	Pinehouse	Ile a la Crosse	Denare Beach	Total 2004	Total 2003
Net development cost, beg of year	$ 189,984	$ 210,015	$ 507,173	$ ---	$ 907,172	$ 198,056
Incurred during the year	---	13,549	96,286	56,389	166,224	709,116
Development cost, end of year	189,984	223,564	603,459	56,389	1,073,396	907,172
Less: previously expensed	(189,984)	(210,015)	(507,173)	---	(907,172)	(198,056)
Less: expensed during the year	---	(13,549)	(96,286)	(56,389)	(166,224)	(709,116)
Net development cost, end of year	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---

13. Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the NRSTA by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled on agreed upon exchange amounts. The following table summarizes the routine related party transactions for the year:

	2004	2003
Expenses		
Water and sewer transfers	$ 660,376	$ 293,017
General government	937,001	848,721
Accounts receivable		
Due from the General Revenue Fund	1,451,634	1,729,971
Lease receivable	2,493,989	307,421
Accounts payable	150,000	711,778
Prepaid Expense	107,500	107,500

In addition, the NRSTA pays provincial sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

The NRSTA received the following transfers from related parties during the year:

	2004	2003
General Revenue Fund		
Government Relations	$ 8,543,918	$ 10,224,666
Department of Community Resources and Employment	27,654	61,277
Saskatchewan Lotteries Trust Fund for Sport, Recreation and Culture	12,610	6,687
Grants in lieu from Saskatchewan departments and agencies	38,071	38,941
	$ 8,622,253	$ 10,331,571

The Department of Environment is responsible for administering Crown land within the NSAD. Therefore, Crown land is not reflected on the Statement of Financial Position. However, in accordance with *The Northern Crown Land Disposition Regulations* and the Act, the NRSTA is entitled to receive all proceeds from Crown land sales and leases within the NSAD. During the year, the Department of Environment charged the NRSTA $430,000 (2003 – $430,000) for administration of Crown land lease fees and Crown land sales, which is included in general government expenses.

An annual administration charge of $200,000 has been established by GR to offset its expenses for administering the NRSTA, which is included in general government expenses. At December 31, 2004, $150,000 (2003 – $150,000) remains unpaid and has been recorded as an account payable on the Statement of Financial Position.

14. Commitments

As at December 31, 2004, the NRSTA is committed to funding northern water and sewer, capital grant and northern subdivision projects through 2005. These commitments total $5.9 million (2003 – $4.7 million).

15. Comparative amounts

Certain comparative numbers have been reclassified to conform to the current year's financial statement presentation.

16. Expenses by object

	2004		2003
	Budget (Note 10)	Actual	Actual
Transfers	$ 18,697,660	$ 14,592,808	$ 12,678,772
Northern subdivsion development	800,000	166,224	709,116
Wages and benefits	515,895	401,333	390,019
Administration	707,380	696,122	739,521
Maintenance, materials and supplies	745,395	614,392	646,951
Contractual services	845,415	939,246	548,538
Utilities	293,990	288,486	259,176
Amortization	621,750	528,784	645,168
Loss on disposal of tangible capital assets	480	7,476	312,218
Bad debt expense	150,000	248,000	56,777
Other expenses	119,610	88,120	44,755
	$ 23,497,575	$ 18,570,991	$ 17,031,011

Schedule 1

NORTHERN REVENUE SHARING TRUST ACCOUNT
DETAILED SCHEDULE OF REVENUES (UNAUDITED)
For the year ended December 31

	2004		2003
	Budget	Actual	Actual
Revenues			
Transfers			
Unconditional revenue sharing transfers	$ 6,980,000	$ 6,980,000	$ 5,980,000
Unconditional Canada Saskatchewan Infrastructure and Centenary program - water and sewer	3,000,000	1,514,145	4,204,126
Conditional training, recreational and other	107,170	90,038	108,504
Grants in Lieu	45,350	44,033	45,206
	10,132,520	8,628,216	10,337,836
Lease fees	3,914,885	3,704,866	3,891,056
Taxes			
Municipal tax levy	1,244,845	1,220,780	1,207,748
Discount on taxes	(56,005)	(57,473)	(58,581)
Municipal taxes cancelled	(10,030)	(5,901)	(10,933)
Municipal taxes refunded	---	(29)	(505)
	1,178,810	1,157,377	1,137,729
Interest			
Interest	472,025	620,090	636,228
Penalty on taxes	38,980	42,805	38,429
	511,005	662,895	674,657
Utility and fuel sales	608,050	559,509	549,436
Land sales	150,000	1,082,515	166,539
Other	16,430	25,200	85,641
Total revenue	$ 16,511,700	$ 15,820,578	$ 16,842,894

Schedule 2

NORTHERN REVENUE SHARING TRUST ACCOUNT
DETAILED SCHEDULE OF EXPENSES (UNAUDITED)
For the year ended December 31

	2004		2003
Expenses	Budget	Actual	Actual
Transfers			
Northern revenue sharing	$ 6,752,940	$ 6,586,148	$ 6,606,141
Water and sewer	10,738,280	6,343,764	5,095,234
Capital grants	986,440	1,442,896	739,826
New North	220,000	220,000	237,571
	18,697,660	14,592,808	12,678,772
Northern residential subdivision program	800,000	166,224	709,116
General government			
Wages and benefits	26,070	16,412	20,911
Administration	707,380	696,122	739,521
Contractual services	572,175	375,609	353,704
Utilities	46,700	50,516	47,631
Maintenance, materials and supplies	17,205	12,542	8,918
Loss on disposal of tangible capital assets	480	7,476	312,218
Other	22,050	9,536	12,896
Amortization	147,685	89,879	144,629
	1,539,745	1,258,092	1,640,428
Utilities operating expense			
Wages and benefits	102,650	89,270	78,778
Contractual services	71,450	78,633	46,230
Utilities	109,560	121,636	88,071
Maintenance, materials and supplies	49,370	51,747	42,346
Other	58,770	45,537	23,620
Amortization	239,760	192,015	243,194
	631,560	578,838	522,239
Recreation and cultural			
Wages and benefits	60,680	47,989	38,021
Contractual services	13,850	12,740	7,571
Utilities	57,090	42,989	50,244
Maintenance, materials and supplies	72,230	44,161	44,829
Other	9,540	13,415	3,991
Amortization	129,480	144,274	147,066
	342,870	305,568	291,722
Environmental			
Wages and benefits	177,570	149,207	178,522
Contractual services	105,780	78,879	70,376
Maintenance, materials and supplies	43,920	24,409	27,177
Other	2,450	725	1,760
Amortization	4,510	4,474	4,475
	334,230	257,694	282,310

NORTHERN REVENUE SHARING TRUST ACCOUNT
DETAILED SCHEDULE OF EXPENSES (UNAUDITED)
For the year ended December 31

	2004		2003
	Budget	Actual	Actual
Transportation services			
Wages and benefits	$ 125,925	$ 91,118	$ 56,968
Contractual services	71,780	39,010	41,279
Utilities	76,320	69,999	69,027
Maintenance, materials and supplies	73,730	33,651	44,139
Other	6,440	1,754	2,438
	354,195	235,532	213,851
Protective services			
Wages and benefits	23,000	7,337	16,819
Maintenance, materials and supplies	5,990	3,291	1,560
Contractual services	3,380	126	4,921
Utilities	3,580	2,764	3,373
Other	740	1,815	---
Amortization	10,535	8,365	16,027
	47,225	23,698	42,700
Public health and welfare			
Contractual services	2,000	---	855
Utilities	---	---	102
	2,000	---	957
Planning and development			
Contractual services	5,000	---	23,602
	5,000	---	23,602
Fuel operating cost			
Maintenance, materials and supplies	482,950	444,591	477,982
Other	19,620	15,338	50
Utilities	740	582	728
Amortization	89,780	89,777	89,777
	593,090	550,288	568,537
Landfill decommissioning			
Contractual services	---	354,249	---
	---	354,249	---
Bad debt expense	150,000	248,000	56,777
Total expenses	$ 23,497,575	$ 18,570,991	$ 17,031,011